

DOCKET NO. 2019-365-E

I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is George V. Brown. My business address is 400 South Tryon Street, Charlotte, North Carolina 28202.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am General Manager of Strategy, Policy, and Strategic Investment in the Distributed Energy Technology group at Duke Energy Corporation.

Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR RESPONSIVE TESTIMONY IN THIS PROCEEDING?

A. My responsive testimony addresses certain points raised by the other witnesses who filed testimony in this proceeding on February 22, 2021. Given the very limited period of time for parties to submit responsive testimony and the volume of testimony that was filed by other parties in this proceeding, my responsive testimony only addresses a small portion of the issues raised by those parties' witnesses. Sufficient time simply does not exist to properly address all of the complex issues raised by those parties in this generic informational proceeding.

Q. WHAT IS YOUR GENERAL IMPRESSION OF WITNESS LEVITAS' TESTIMONY?

A. I find Witness Levitas' testimony rather perplexing given that much of his testimony opines on issues that are not relevant to the scope of this docket and would appear to require substantial changes in South Carolina law to be implemented. He does offer some relevant

1 testimony with regard to potential program design elements. However, as I describe in
2 later in my responsive testimony, I think his recommendations for the Public Service
3 Commission of South Carolina (the "Commission") to establish a procurement program
4 through this proceeding are premature.

5 **Q. LET'S START WITH THE PORTIONS OF WITNESS LEVITAS' TESTIMONY**
6 **THAT YOU BELIEVE ARE RELEVANT TO THIS PROCEEDING. CAN YOU**
7 **DESCRIBE THESE FOR THE COMMISSION?**

8 A. Yes. In Section V of his testimony, Witness Levitas identifies a number of issues that the
9 Commission would need to address if it decided to pursue the creation of a program for the
10 competitive procurement of renewable energy, such as: administration of the program,
11 interconnection timelines and costs, transparency, and contract documents. Section IV of
12 Witness Levitas' testimony also discusses the need for the Commission to consider the
13 program goal, the targeted volume of the procurement, and potential cost caps on bid
14 prices. My direct testimony similarly identifies these issues as important for the
15 Commission's consideration if the Commission decides to explore potential competitive
16 procurement of renewable energy further. While I do not agree entirely with Witness
17 Levitas' opinion on how the Commission should resolve each of these issues in the future,
18 we do agree that these are important issues, and I believe there are areas of agreement we
19 can reach, if the Commission decides to further explore such potential programs in the
20 future.

1 **Q. WITNESS LEVITAS ALSO INTRODUCES A NUMBER OF ISSUES THAT**
2 **PROPOSE TO FUNDAMENTALLY RESHAPE THE UTILITY REGULATORY**
3 **FRAMEWORK IN SOUTH CAROLINA, INCLUDING HOW UTILITIES**
4 **RECOVER INVESTMENTS IN NEW GENERATION AS WELL AS HIS BELIEFS**
5 **REGARDING THE ALLEGED BENEFITS OF COMPETITIVE MARKETS**
6 **VERSUS REGULATED MONOPOLIES. HOW DO YOU RESPOND TO THIS?**

7 **A.** I believe that these portions of his testimony are a distraction and go far beyond the scope
8 of this proceeding and I do not think it is a fruitful use of the Commission's time (or the
9 parties' time) to discuss these philosophical issues. This docket arose from prescriptive
10 language from the General Assembly in Act 62, authorizing the Commission to "open a
11 generic docket for the purposes of creating programs for the competitive procurement of
12 energy and capacity from renewable energy facilities . . . if the commission determines
13 [*it*] to be in the public interest."¹

14 Furthermore, this proceeding was specifically noticed by the Commission using
15 this language from Act 62. At the request of the intervening parties, the Commission
16 provided specific topics that it would like the parties to comment on.² None of those topics
17 included deregulation, retail competition, the framework for utility ownership or cost
18 recovery of generation investments, or procurement of non-renewable energy.

19 Given the specific scope of this docket and the guidance provided by the
20 Commission, it is puzzling to me why Mr. Levitas dedicates a significant portion of his
21 testimony to topics that are so plainly outside the scope. Not only are issues regarding
22 deregulation, the ability of electric utilities to own generation, and cost recovery of utility-

¹ See S.C. Code Ann. § 58-41-20(E)(2) (emphasis added).

² See Order No. 2020-779.

1 owned assets entirely outside the scope this proceeding, but such matters are reserved for
2 the South Carolina General Assembly.

3 **Q. WITNESS LEVITAS ALSO ARGUES THAT THE COMMISSION SHOULD**
4 **REQUIRE REGULATED UTILITIES TO PROCURE ALL NEW GENERATION**
5 **THROUGH A COMPETITIVE PROCESS RATHER THAN BUILDING NEW**
6 **GENERATION RESOURCES THEMSELVES. HOW DO YOU RESPOND TO**
7 **THIS?**

8 A. Again, this issue is outside the scope of this proceeding, where the Commission is
9 addressing the competitive procurement of renewable energy under Act 62's PURPA
10 statute. The issues raised by Witness Levitas specific to competitive procurement of all
11 generation arise from Act 62's revisions to the South Carolina Siting Act,³ where the
12 General Assembly set forth new standards and requirements in order to receive a
13 "certificate of public convenience and necessity" for a new major utility facility (greater
14 than 75 MW) to be sited in South Carolina. Indeed, Mr. Levitas cites to this statute in his
15 testimony (page 12, footnote 4), recognizing that it is, in fact, the Siting Act that addresses
16 the issues he is raising, and not the PURPA section of Act 62, which is the relevant statute
17 for this proceeding.

18 Finally, I also disagree with Witness Levitas that the Commission is authorized in
19 this generic proceeding to "adopt rules for the evaluation of other [non-renewable]
20 generation options" or to take any action with regard to procurement of generation outside
21 of renewable generation, including opening a rulemaking docket for the purpose of moving
22 to a "Colorado-style" model for resource planning and procurement. Again, the scope of

³ See S.C. Code Ann. § 58-33-110.

1 this proceeding is very clear, and procurement of non-renewable generation is not within
2 it.

3 **Q. DO YOU AGREE WITH THE LIST OF DESIGN ELEMENTS WITNESS SERCY**
4 **DESCRIBES AS IMPORTANT?**

5 A. Yes. I agree that the issues of technology eligibility and specifications, volume of
6 procurement, inclusion of a cost cap, bidder qualification requirements, bid evaluation, and
7 project construction are all important considerations. My direct testimony identifies
8 several of these issues as important, as well.

9 **Q. DO YOU AGREE WITH WITNESS SERCY'S TESTIMONY THAT**
10 **REGULATORS AND STAKEHOLDERS CAN AND SHOULD TAILOR THE**
11 **DESIGN OF COMPETITIVE PROCUREMENTS TO MATCH LOCAL MARKET**
12 **CONDITIONS, POLICY GOALS, AND INSTITUTIONAL EXPERIENCE?**

13 A. Yes. I do. I believe thoughtfully tailored programs are important, and that these factors
14 should be considered on a utility-by-utility basis.

15 **Q. DO YOU AGREE WITH WITNESS SERCY THAT RENEWABLE ENERGY**
16 **ACTS AS A SUBSTITUTE FOR COAL AND GAS GENERATION AND REDUCES**
17 **THE NEED FOR FOSSIL FUEL GENERATION?**

18 A. No. In the cases of Duke Energy Carolinas and Duke Energy Progress, I do not believe
19 that renewable energy is a substitute for fossil fuel generation. Coal and natural gas are
20 firm, dispatchable resources. Dispatchable means they provide the ability to generate
21 regardless of daylight/sunshine or windy/calm weather conditions to provide energy to
22 serve customer load. In contrast, for example, solar serves as an intermittent resource that
23 is only available during daylight hours. When solar is able to produce energy, it reduces

1 fuel consumption or other power purchases, but it cannot serve as a “substitute” for
2 continuously available resources, like nuclear, coal and gas.

3 **Q. PLEASE RESPOND TO WITNESS LEVITAS’ AND WITNESS SERCY’S**
4 **SPECIFIC RECOMMENDATIONS THAT THE COMMISSION SHOULD**
5 **DIRECT EACH SOUTH CAROLINA INVESTOR OWNED UTILITY TO**
6 **CONDUCT A COMPETITIVE SOLICITATION FOR NEW RENEWABLE**
7 **ENERGY RESOURCES AT THIS TIME**

8 A. I believe Mr. Levitas’ and Mr. Sercy’s recommendations are quite premature given the
9 generic informational purpose of this docket and the limited amount of testimony and
10 information that has been exchanged at this point. The nature of this generic docket and
11 the very abbreviated procedural schedule set by the Commission have not established
12 enough time for the Commission to make a blanket determination that procuring additional
13 new renewable energy through a competitive procurement program is in the public interest
14 for any utility.

15 Moreover, I disagree with Witness Levitas’ testimony that a solicitation is needed
16 as soon as possible to take advantage of the federal investment tax credit. To the contrary,
17 Congress recently extended the tax credits mentioned by Witness Levitas, alleviating the
18 timing pressure the solar industry was previously experiencing to have facilities in service
19 more immediately.

20 Furthermore, the proceedings for the Companies’ integrated resource plans are just
21 beginning, with the hearing scheduled to begin on April 26, 2021. Also, the procurement
22 for Tranche 2 of the NC CPRE Program was recently completed, and the NCUC will be
23 determining soon the amount of further procurement that is required under HB 589.

1 Finally, an additional 200 MW of new renewable energy will soon be procured pursuant
2 to the Companies' recently approved Green Source Advantage program. Considering all
3 these factors, it would be premature to mandate a procurement of new renewable energy
4 from the Companies at this time.

5 **Q. WITNESS LEVITAS PROVIDES THE COMMISSION A PROPOSED SET OF**
6 **PROGRAM GUIDELINES IN EXHIBIT SJL-11. DO YOU BELIEVE THESE ARE**
7 **REASONABLE?**

8 A. I believe that Mr. Levitas is "putting the cart before the horse," so to say. The
9 Commission's inquiry into the potential for such programs has just begun, and the stage of
10 actual program guideline development would not happen until several critical interim steps
11 are complete, including a more in-depth consideration of the program framework elements
12 raised by the parties in this docket. Moreover, it is my understanding that, should the
13 Commission intend any such future program guidelines to establish requirements having
14 the "force or effect of law," they would need to be promulgated through a rulemaking
15 process, similar to the way this Commission established regulations relating to the retention
16 of consultants for avoided cost proceedings. That is also the way the NC CPRE Program
17 was instituted

18 **Q. INSTEAD OF PREMATURELY MANDATING NEW RENEWABLE ENERGY**
19 **PROCUREMENT, WHAT DO YOU THINK WOULD BE AN APPROPRIATE**
20 **NEXT STEP FOR THE COMMISSION?**

21 A. In order for the Commission to make an informed decision about whether programs for the
22 competitive procurement of renewable energy should be created, it should open utility-
23 specific dockets to investigate this question further. DESC Witness Kassis identifies the

1 importance of considering utility-specific factors in evaluating the need for and
2 costs/benefits of competitively procured renewable energy and I agree with him. . Each
3 utility has a unique trajectory of solar adoption that is already underway due to existing
4 programs and commitments, and that trajectory needs to be understood and incorporated
5 into any Commission-approved new program to ensure that new program does not merely
6 raise the price of solar that is paid by customers. A lengthier procedural schedule would
7 provide the parties time to properly respond to the testimony of the parties' witnesses and
8 prepare for a hearing.

9 **Q. DOES THIS CONCLUDE YOUR RESPONSIVE TESTIMONY?**

10 A. Yes.